

SNOHOMISH COUNTY PFD MEETING MINUTES  
OCTOBER 31, 2019

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**Board Members Present:**

Steve Shelton, President, District #3  
Tim Menzies, District #1

**Interested Parties Present:**

Grant Dull Lynnwood Convention Center/PFD  
Birgit Evans, Angel of the Winds Arena Spectra Venue Mgmt/Everett PFD  
Nickolis Landgraff, Snohomish County Airport/Future of Flight  
Katherine Overby, Boeing/Future of Flight  
Joe McIalwain, Edmonds PFD/ECA  
Matt Keller, Edmonds PFD/ECA

**Staff Present:**

Brad Cattle, Anderson Hunter Law Firm  
Sharyl Raines, Snohomish County Finance Department  
Jan Hawley, Snohomish County Finance Department  
Shannon Fleming, Snohomish County Public Works

**Guests:**

Al Compaan, Chief of Police City of Edmonds

**Call to Order**

Steve Shelton called the meeting to order at 3:04 p.m.  
Introductions were made.

**Approval Items**

Approval of the July 18, 2019 Minutes. There were no questions or comments; Steve called for a motion to approve. Tim moved to approve the minutes, Steve seconded, and the motion passed unanimously.

Approval of the Q3 vouchers. There were no questions on the vouchers; Steve called for a motion to approve the Q3 vouchers, Tim moved, Steve seconded. The motion passed unanimously.

Approval of the Q3 financial report. Jan commented that there was a tiny increase in the projected revenues, and expenditures are a bit under but will increase a bit with the Tier 2 payouts. Otherwise everything is right on track. Steve commented that the YTD is up 9.2% from the previous year, 10.8% for QTD, which is on top of some significant increases over previous years; this is very good for the facilities that will receive the accumulated funds. Reserves right now are around \$1.1m and by vote the reserves should be \$250k to the difference between those numbers will be disbursed with the Tier 2 funds getting paid out next week. The budget is set to give out \$3.3m this year. Additional funds will accumulate because of the reserve that will go out next year on top of the committed funds. No further questions.

Approval of the 2020 Budget, the contract for services. Jan commented that there have not been any changes. Steve commented that it is always nice when the projected revenues is larger than the projected expenses. He thanked the Snohomish County Finance team for their efficiency in supporting the PFD functions. There were no further comments; Steve called for a motion to approve the 2020 budget and the contract with the County as well. Tim moved, Steve seconded. The motion passed unanimously.

Approval of the Interlocal Agreements for Tier 2 Allocations through 2047. Brad Cattle addressed the Board with an action item for today's meeting – 4 Addendum No. 2 to Interlocal Agreements. These addendums are virtually identical for the 4 local Public Facility Districts; Edmonds, Future of Flight,

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Lynnwood Convention Center and Everett Event Center. Brad discussed the Edmonds addendum, and then requested the individual PFD's to take them with them today. When the legislation that extended PFD funding from expiring in 2026 to 2041 passed, the SCPFD Board decided that it would like to continue the allocation of funding in the same manner that the funding is allocated for Tier 2 funding. So Addendum No. 2 accomplishes that embodied in a resolution and needs to be further implemented through an Interlocal Agreement Addendum. The 4 addendums before the Board accomplish this. One of the changes indicated by the City of Everett Bond Council is a modification to the language in a prior draft was a reference that the funding would occur as long as bonds were outstanding to finance the respective regional centers, be changed to finance or refinance. This change was made in all 4 addenda, and each attorney for signatory parties have reviewed and approved the changes in the language being submitted for approval. Brad is recommending that the Board approve and authorize the SCPFD Board President to sign on behalf of the SCPFD. Once they have all been signed, they will be sent to the local PFD Boards to sign, and then to the County for signature. Once all signatures have been received, this will accomplish the Amendment. Each agreement should be done by separate motion.

Steve thanked Brad for the work and thanked the PFD's for their patience in this process as these are the documents that will lock in the funding through the year 2041 so the Board wanted to ensure that all the details were correct. Steve called for a motion for each one of the agreements, and Brad assisted with a phrasing suggestion for each of the motions.

Edmonds Centre for the Arts – Tim moved to approve Addendum No. 2 for Interlocal Agreement for Edmonds Centre of the Arts and the President to be able to sign, Steve seconded. The motion passed unanimously.

Future of Flight – Tim moved to approve Addendum No. 2 for Interlocal Agreement for Future of Flight to be signed by the President, Steve seconded. The motion passed unanimously.

Lynnwood Convention Center – Tim moved to approve Addendum No. 2 for Interlocal Agreement for Lynnwood Convention Center and the President to sign, Steve seconded. The motion passed unanimously.

Everett Events Center – Tim moved to approve Addendum No. 2 for Interlocal Agreement for the Everett Events Center and the President to sign, Steve seconded. The motion passed unanimously.

The remaining signatures will be collected by the individual PFD's. The Future of Flight is the only 3 party agreement, the remaining PFD's require Mayoral signatures with the respective cities and are thus 4 party agreements. These agreements are now Masters with Steve's signature, so each representative present today will receive the Master to be signed by the remaining parties. They will then be returned to Brad and then signed by the County Executive and Prosecuting Attorney as the last step.

Steve offered to attend, if possible, any photo ops for obtaining signatures as each facility sees fit – just let him know if you choose to do so.

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**Disbursements:**

Fund X10

(July through September 2019)

Voucher/warrant numbers: 5015468, 2044759, 2044380, 2044205, 2044524, 2044365, 2044685 Total  
\$194,311.10

Voucher/warrant numbers: 5015622, 2047357, 2047363, 2047223, 2047475, 2047482, 2047638,  
2047638, 2047615, 2047352, 2047603 Total \$198,093.60

Voucher/warrant numbers: 2050193, 2049996, 2050394, 2050177, 2050591 Total \$191,866.10

**New Business – Audit Update, Sharyl Raines**

Steve asked Sharyl to give the board an update on the State Audit that the PFD goes through every 3 years. Sharyl explained that this is the State Auditors Accountability Audit to assess compliance with internal controls, and it came out very well. There was one exit comment that the PFD does not have a procurement policy, which is required per the RCW. While the SCPFD is unique in that it doesn't operate like other PFD's in the state, it does not eliminate the need for a procurement policy. So the State Auditors are recommending that the SCPFD create a procurement policy. Exit items are not mentioned in audit reports. The other item noticed in the audit was that the PFD's revenues exceed \$2m now, so that will result in needing a financial statement audit as well. The auditors were not sure if they were going to try and do one for the year ending 2018, or if they would wait and conduct that on a go forward basis – but that will be coming.

Steve said that it would be incumbent upon the Board in the next year to write a procurement policy even though there are no assets and nothing is procured by the SCPFD. Sharyl mentioned that the trigger was due to the receipt of a contract with Alan Dashen's firm for the consulting on the distribution of the funding extension. Nickolis Landgraff suggested that the Board may just want to copy the County's policy as all the hard work is already done. Steve asked Sharyl to forward that to the Board members and it would be added as an agenda item to the next quarter meeting.

**Open Board Positions, Steve Shelton**

There are still 2 open Board positions. Steve thanked Brad for inviting Al Compaan, who is visiting today and pondering participation on the Board. Another gentleman named Murray Gordon, a retired fire chief from the City of Everett, has also expressed interest. A reminder to the facilities that it is essential this board continue because there is the ongoing administrative function of signing the documents and the motions to keep the funding coming to the facilities out to 2041. So if anyone has suggestions for other individuals that they think may be interested in serving on this board, please bring them forward. The process for becoming a board member for the PFD Board is simple and straight forward. Fill out the application and submit an experience bio or a resume to Sharyl Raines, who will pass them along to Snohomish County Council for approval.

Steve thanked Al for attending and asked him to make comments. Al provided a brief synopsis of his background as a board member with Brad on Public Safety Communications. Al has been with the City of Edmonds for over 41 years, and has been chief for 12 years, making his talents and skills a very good asset. He has an interest in these facilities as he has attended events at all of them except the Future of Flight facility. He feels this board is a good way to see the future of these facilities continue.

Steve reiterated to those in attendance to please continue thinking of potential candidates so that the board can be fully populated for the foreseeable future.

**2020 Meeting locations, Steve Shelton**

For the last 8-9 years the meeting locations have been rotated between the County Campus and the individual facilities. For 2020, it seems important to have the meetings at the facilities, particular with

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new board members. The meetings are held quarterly in January, April, July, and October. Steve asked the facilities which meeting they would like. Katherine Overby requested April for Boeing/Future of Flight. Joe McIlwain requested October for Edmonds Centre for the Arts and Birgit Evans requested July for Everett Events Center/Angel of the Winds Arena. January 2021 will be at the Lynnwood Event Center, January 23, 2020 will be here on the County Campus to complete the 2019 fiscal year. The meetings will be held on the 3<sup>rd</sup> Thursday of the respective months. Steve thanked everyone for selecting a date.

**Project Financial Updates**

**Boeing Future of Flight – Katherine Overby**

- PowerPoint Handout
- Per the operations summary:
  - There were over 260k public tour guests, 6,796 Students and Educators have taken tours, 1,205 visitors from specialty tours (one of these is highlighted in the handout)
  - 5,129 attendees have participated in events
  - 4,473 guests participated in public programming
- The center has seen 280,168 guests this year
- There are 50 volunteers at the museum, including those from the assimilation of the Snoco Tourism desk closure
- The office remodel has been completed
- Gallery installations will happen in mid-November
  - Katherine is inviting everyone from the PFD to come and see what has happened, simply give her a call to set up a tour to see the changes
- Marketing will be forthcoming soon with some rebranding, as highlighted in the handout
- Planning for the permanent gallery will start once the interim gallery work has been completed
- A STEM night was held for the community, hosted mostly by Boeing employees, coordinated in partnership with Snohomish County's STEM organization

**Questions:**

- Steve asked how the progress on the display of the new interactive portion was coming along. Katherine answered that this is the piece that will be happening mid-November.
- Steve mentioned that the Future of Flight and the Boeing Tour and the biggest single tourist attraction in Snohomish County. Katherine expanded that it is among the top 10 in the Seattle/Puget Sound area

**Edmonds Centre for the Arts – Joe McIlwain & Matt Keller**

- October 2019 Staff Report Handout, which highlights all the activity going on and touches on performance and outreach events (also handed out the 2019/2020 season booklet and a card to access the ECA app that was just launched)
- Capital improvement activities
  - The renovation of the lobby is finishing up, which increased the functionality of the box office and concessions areas, with a grant provided by LPAC
  - Gymnasium is being improved, which has involved adding in some truss systems that will allow for reconfiguration of the space more rapidly
  - Another LPAC grant has been awarded which will be used to upgrade meeting space with technology and investing in a new sound board for the theatre
- The handout is a monthly report that is prepared by the Centre for the benefit of bringing the PFD Board and the Non-profit Boards together

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- A snapshot of comparative numbers shows that the Centre is on pace to do about the second highest season in the entire history – the highest one being the 2013-2014 season.
- The upcoming season looks really good
- The handout also details the different departments and the work they are involved in

Joe brought up the recent Association of Washington Public Facilities Districts Annual Meeting in Yakima. Many things were learned, but it was not well attended. Joe wanted to put it out that there for the Board members that the engagement of this board in those activities can be very helpful. The SCPFD is powerful as it measures against other PFD's in the state as this is the only county with more than one project. There is an importance in having a voice at the table when thinking about the future of these projects. He stressed that we are not done in terms of what's next for these districts. There is a lot to talk about and lot to consider in the ramp up to 2041. Staying connected and engaged statewide is important as there will be a need to speak as one voice to the legislature in an effort to continue supporting these facilities. The next Annual Meeting will be held in Tacoma, 2021 will be in Wenatchee, and 2022 will be held in Edmonds at the ECA.

Questions:

- Steve asked if the LPAC grant was roughly around \$200k. Joe answered that it was for \$125k, and is currently a recommendation right now and not a secured grant
- Joe also highlighted the ECA app as it has the ability to display all the events happening as well as purchase tickets
  - Steve asked if he could sell tickets to an event on the app if he rented the facility – Joe said not yet

Angel of the Winds Arena – Birgit Evans

- Income Statement handout
  - Net operating income YTD through September is positive about \$15k, \$212k better than the prior year, \$375k ahead of budget
  - Net income is \$363k year of year, \$50k ahead of budget based on strong concerts, circus and Cirque du Soleil
  - Operating expenses are almost \$175k below this time last year, due largely to open positions and department restructuring
  - Ice Rink business has grown
  - District income are up over 2018 by \$5k
  - Strong revenues are a result of increases in County Tier 2 receipts and larger admission taxes based on several high grossing events
  - District expenses are down \$70k, and there have been significant savings on the debt since refinancing last year
  - Combining Operating and District income, net profit for the facility is \$331k through September which is up \$31k over 2018 for the same period - \$738k ahead of budget for the first 9 months
  - It will come down a bit towards the end of the year, but there will still be a strong finish for the year
- Operations
  - Main arena events: Backstreet Boys, Toby Keith, Everett Taco Fest, the annual Fall Home and Gift Show, Storm Games including playoff games, Silvertips Training Camp, Silvertips preseason tournament, and the first 7 Silvertips regular season home games
  - Community ice rink is in full swing for Fall and Winter with all regular programming running
  - Everett Youth Hockey Fall League has started with almost 300 kids on 19 teams

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- Banquet season is ramping up in the conference center
  - There will be several large dinners, events and Christmas parties
- Upcoming events for 2019
  - For King and Country
  - Disney on Ice
  - CirqueMusica
  - Sesame Street Live
  - Manheim Steamroller
  - Extreme International Ice Racing
  - 12 Silvertips games
  - The return of Cirque du Soleil in April which will be on ice
- Partial retractable seating replacement has not yet received funding
- The new marquee is up and running
- A new Zamboni has been purchased and received, and a second one next year
- Mang Analysis has been engaged to conduct a facility audit to help in determining what other capital improvements to plan for
  - Several large projects are anticipated, including Phases 3 & 4 of the retractable seating replacement project
  - Replacement of the ice plant in the next year or two
- The State Financial and Liability audit is complete and was clean, as well as recognition for the work that was done by EPFD and their staff to substantially improve the financial condition of the project.

Questions:

- Steve congratulated the center on the spectacular financial turnaround over the last couple of years.
  - Birgit stated that the refinance was very helpful with that effort. Steve asked if this was a fixed rate, but Birgit was not sure

Lynnwood Convention Center – Grant Dull

- Lynnwood PFD Balance Sheet handout (received via email)
  - 3<sup>rd</sup> Quarter financial results were not very good
    - The Center is having difficulties getting temporary staff for events
    - To help, hourly wages have been increased \$1.00
  - The Convention Center is predicting to finish the year in the red
    - This is a conservative prediction
- Annual Association of Public Facilities District Meeting
  - This annual event started around 2006
  - Grant was influential in getting this annual meeting going, which was hosted at the Lynnwood Convention Center
  - This is the same group that hired a lobbyist to ensure the sales tax rebate extension went through the state legislator
  - Attendance has fallen since that was accomplished, however there is still importance in continuing these meetings
  - Board members have much to learn from attending these meetings
  - The Association has decided to retain the lobbyist at a cost of \$8000 per year
  - Annual dues for the member PFD's is \$500 – the following have not paid, which is likely an oversight



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- Everett
- Edmonds
- Tacoma
- Kent
- The Association is in good financial health
- Next year's meeting will be in September in Tacoma, dates pending
  - October is a very busy month for all PFD members
- Huden Strategic Partners has been retained by the Convention Center to look at potential expansion and overall site development of the 13 acre parcel
  - This will include a refresh
  - These are for the purposes of investment, there is no budget for capital expenses
  - Draft report is expected next Monday, Grant will share with anyone who would like to see it
- Lynnwood PFD Board Retreat on 12/6
- Grant is retiring from the PFD, sometime around mid-May 2020

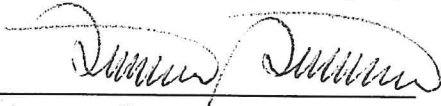
Questions:

- Steve thanked Grant for his tenure, and also reiterated that there is a lot of benefit from attending the Annual Association of Public Facilities Districts Meetings and encouraged all to attend.

Steve thanked everyone for their presentations. To recap, Steve has the approved addendums that he will sign. These will be the Master which he will give to each one of the facilities to collect the remaining signatures – your local PFD Board, local Mayor, and then return them to Brad Cattle. Brad will bring them to the County for the Prosecuting Attorney and the County Executive to sign, which will lock in the Tier 2 funding through 2041.

Steve Shelton adjourned the meeting at 4:20 p.m.

**Next meeting: Thursday January 23, 2020 at 3:00pm, Snohomish County Campus 6<sup>th</sup> Floor Room 6A02**

  
Chairperson Signature

1/23/20  
Date